

*Wendy*

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**LB 333**

Revision: 02

Revised on 3/1/11 based on amendments adopted through 2/28/11.

# FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	(\$6,333,152)		(\$6,333,152)	
CASH FUNDS	\$5,946,273		\$5,382,868	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	(\$386,879)		(\$950,284)	

\*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 333 amends and repeals various statutes pertaining to schools. The following provisions of the bill have a fiscal impact:

Student Achievement Coordinator: LB 333 repeals the section of statute requiring a student achievement coordinator at the State Department of Education (NDE). The general fund savings from eliminating the position will be \$103,420 in FY12 and FY13.

School District Reorganization Fund: The bill also transfers funds remaining in the School District Reorganization Fund on July 1, 2011 to the Education Innovation Fund. The balance of the reorganization fund was \$703,629 on January 31, 2011. NDE anticipates there will be an additional reorganization that will be eligible for reimbursement from the fund in the current year in the amount of \$425,915. So, the projected revenue that will be transferred to the Education Innovation Fund is estimated to be slightly in excess of \$277,700, depending upon the interest earned the remainder of the fiscal year.

Education Innovation Fund: The bill changes the allocation of the Education Innovation Fund beginning in FY2011-12 through FY2015-16. The fund is derived from lottery proceeds. Current law provides for the first \$1 million of the fund to be used for the Excellence in Teaching Act and the remainder to be allocated, after administrative expenses, for distance education equipment and incentives provided to school districts and educational service units.

LB 333 provides for the accumulated balance and annual revenue of the Education Innovation Fund to be used to fund a couple of existing state aid programs for high ability learners and early childhood education grants. The high ability learner program will be funded with lottery funds for five years and early childhood education grants will be shifted to this fund source for two years. The Center for Student Leadership and Extended Learning Act, a state funded program, is also switched to lottery funding for the next five years as are the multicultural education program and teacher certification investigations. A new request by NDE to fund an integrated student information system will also be funded by the Education Innovation Fund pursuant to the bill.

Funding for distance education equipment, incentives and administration continues under the bill. However, funding for the Excellence in Teaching Act is altered in FY12 and FY13. Instead of \$1 million being set aside for this program each fiscal year, the bill provides that only the amount necessary to fund loans for students who received a loan in the prior fiscal year through the Attracting Excellence to Teaching component of the program will be funded.

The table on the next page shows the estimated increase in cash fund expenditures from the Education Innovation Fund and related decrease in general fund expenditures due to these changes from FY12 through FY16. It is estimated the existing balance and revenues to the Education Innovation Fund will be sufficient to cover increased expenditures required by the bill from the fund.

**Fiscal Impact for Education Innovation Fund**

	2011-12 Est.	2012-13 Est.	2013-14 Est.	2014-15 Est.	2015-16 Est.
<b>Current Law:</b>					
Attracting Excellence To Teaching	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Administration	103,821	105,191	107,821	110,516	113,279
Distance Ed. Incentives/Equipment	<u>3,320,000</u>	<u>2,142,000</u>	<u>2,249,100</u>	<u>2,361,555</u>	<u>2,479,633</u>
Total Expenditures	4,423,821	3,247,191	3,356,921	3,472,071	3,592,912
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Attracting Excellence To Teaching	225,000	45,000	1,000,000	1,000,000	1,000,000
Administration	103,821	105,191	107,821	110,516	113,279
Distance Ed. Incentives/Equipment	3,320,000	2,142,000	2,249,100	2,361,555	2,479,633
High Ability Learner Aid	2,175,673	2,175,673	2,230,065	2,285,816	2,342,962
Career Education Leadership Center	450,000	450,000	461,250	472,781	484,601
Multicultural Education	114,629	114,629	117,495	120,432	123,443
Certification Investigations	123,468	123,468	126,555	129,719	132,962
Early Childhood Ed. Grants	3,365,962	3,365,962	0	0	0
Student Information System	<u>491,541</u>	<u>108,136</u>	<u>110,839</u>	<u>113,610</u>	<u>116,451</u>
	10,370,094	8,630,059	6,403,124	6,594,430	6,793,330
Increase in Cash Fund Expenditures	5,946,273	5,382,868	3,046,204	3,122,359	3,200,418

**Fiscal Impact for General Fund**

	2011-12 Est.	2012-13 Est.	2013-14 Est.	2014-15 Est.	2015-16 Est.
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High Ability Learner Aid	(2,175,673)	(2,175,673)	(2,230,065)	(2,285,816)	(2,342,962)
Career Education Leadership Center	(450,000)	(450,000)	(461,250)	(472,781)	(484,601)
Multicultural Education	(114,629)	(114,629)	(117,495)	(120,432)	(123,443)
Certification Investigations	(123,468)	(123,468)	(126,555)	(129,719)	(132,962)
Early Childhood Ed. Grants	<u>(3,365,962)</u>	<u>(3,365,962)</u>	0	0	0
Decrease in General Fund Expenditures	(6,229,732)	(6,229,732)	(2,935,364)	(3,008,748)	(3,083,967)

In summary, the bill has the following cumulative changes in expenditures for the General Fund and cash fund expenditures from the Education Innovation Fund:

	Expenditures		
	FY2011-12	FY2012-13	FY2013-14
<b>General Fund Decreases:</b>			
Eliminate Student Achieve. Coord.	(103,420)	(103,420)	(103,420)
Shifts to Education Innovation Fund:			
- High Ability Learner Aid	(2,175,673)	(2,175,673)	(2,230,065)
- Career Education Leadership Center	(450,000)	(450,000)	(461,250)
- Multicultural Program	(114,629)	(114,629)	(117,495)
- Certification Investigations	(123,468)	(123,468)	(126,555)
- Early Childhood Ed. Grants	<u>(3,365,962)</u>	<u>(3,365,962)</u>	0
Total General Fund Decreases	(6,333,152)	(6,333,152)	(3,038,785)
<b>Cash Fund Increases:</b>			
Education Innovation Fund Increases	5,946,273	5,382,868	3,046,204